

1988 — A Year of New Programs

IPSC

Production Incentive Program — In this year, the Operating Agent implemented a Production Incentive Program. The Production Incentive Program provides encouragement and reward for superior performance while providing an overall economic benefit to the Project. The Operating Agent, in conjunction with IPSC Management, sets performance goals on an annual basis. A production incentive is paid as a percent of base salary and every employee receives the same percentage. The scale slides between 0 and 5 percent, depending on the achievement level. The program focuses on five areas essential to plant operation. These five key points are: Safety, Environment, Production, Maintenance, and Budget. The Production Incentive Program determines appropriate and quantifiable performance measures for each goal. The minimum and maximum achievement levels for each measure are then defined. The minimum performance levels are, in most cases, significantly above industry average and government mandated performance levels. Each measure is weighted as a percentage of the total bonus based on the importance of that particular goal and measure. The goals, performance measures, and weightings are reviewed and adjusted annually to emphasize the need for continued improvement in all areas of the organization. The Production Incentive Award earned this first year was 3.28 percent of annual base wages.

Wellness Program — In August, a Health Analyst was hired to develop and implement a "Wellness Program." The concept of the Wellness Program was to provide a resource for physical fitness for all employees, education for the dependants of all employees, and rehabilitation and work hardening for those employees who are injured or have an accident at the work site. Additionally, the Wellness Program ties related functions together to help produce a process with a goal of reducing or controlling medical costs, not for just the employee, but for all dependants.

Several reports have identified that the majority of medical insurance costs are generated by an employee's dependents and spouse, rather than the employee. The Wellness Program brings focus to the total picture of health care for all employees, spouses, and dependents. It gives a measurable result in terms of attendance at work, increases or decreases in insurance rates, number of workers compensation claims, and length of time off work. The amount of money saved through offering recovery physical therapy at the plant instead of employees driving to town and using our medical insurance to pay someone else to perform the therapy was significant.

Technical School PSEG Program — In September, the PSEG program was turned over to the local technical school (post-high school training) to develop a training course that area residents could enroll in if they desired to be considered for

employment at the power plant. The course originally required 18 months to complete; this was later reduced to 13 months. The cost for each student was about \$1,100 in fees and books. The cooperation between IPSC and the technical school was a very good example of business and the local community working toward a common goal. The demand for enrollment was more than anyone expected. A waiting list of about 30 to 50 candidates existed long before a class could be scheduled. Four (4) groups of students graduated from the course. The only promise made was a courtesy interview with IPSC. This project provided a way for many adults to take the course at night and keep their current job. It also created a pool of quality candidates from which IPSC could select new hires who were able to start the job with knowledge of how a power plant is run and the work that would be expected of them.

Condenser Tube Replacement — Due to incorrect matching of condenser tube material to the Sevier River water chemistry, the condenser tubes in Unit 1 were pitting and developing "pin hole" leaks. Titanium Metals Corporation of America was hired to replace the copper-nickel tubes with titanium tubes at a cost of \$3.45 million.

Computerized Maintenance Management System — IPSC opted, because of in-house programming, systems analysis expertise, and our control of the source code, to discontinue this service through TSW.

Document Storage at IPSC — In 1988 a project to develop an integrated corporate records management program was initiated. With an initial allocation of \$320,000, a consultant was hired to survey IPSC's records management needs and determine the feasibility of utilizing optical disk technology.

Electronic Office — WordPerfect, as word processing software, had established itself as the dominant office application and was implemented for use at IPSC in 1988. WordPerfect became the choice of word processors due to its wide acceptance in the user market and its more advanced features. WordPerfect was implemented through the PC network to all users. WordPerfect Office, a calendar, and scheduling program that worked in harmony with WordPerfect word processing was also marketed and purchased and marked the beginning of IPSC's GroupWise system.

Predictive Maintenance — To better monitor the condition in electrical equipment, an infrared scanning camera was purchased. Interest began when Babcock and Wilcox was on site to deal with boiler issues and brought along a camera to do scanning. While here, the operator pointed out several electrical problems he had found in his spare time. An Infrared scanning service was brought in to scan major electrical equipment. This proved valuable in finding several problems, but the service was expensive. Our own equipment was purchased and the scanning program began.

Audit of Payroll — An audit team representing the Audit Committee of the IPP Coordinating Committee performed an audit of the payroll costs recorded by IPSC for the period of July 1, 1987 through June 30, 1988. The audit covered gross wages of approximately \$22,246,000 that were paid during the fiscal year.

The audit concluded, except for several findings, that the payroll cost processes during the period of July 1, 1987 to June 30, 1988, were properly authorized, recorded, and paid. The audit findings recommended that payroll taxes and employee benefits charges be distributed to each functional department on a basis related to payroll in conformance with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts. These recommendations were implemented following the audit.

Number of Employees — By the end of year, the number of employees was 608; the highest number of employees, 617, was recorded in the month of August.

LADWP

Locomotive Engine — The combined efforts of the Department of Water and Power and IPSC were used to acquire and relocate a railroad locomotive engine from Ely, Nevada to Delta, Utah. As part of the Department's plan to eventually build a power plant near Ely, Nevada, they purchased the railway that had been used by Kennecott to move ore from its copper mine to Ely. The railcars moved about seven miles



one way. When the line was no longer used, the engine was stored. It had been well maintained. This locomotive was to be used at the power plant to move railcars.

It was anticipated it would be particularly helpful in the winter months when frozen cars of coal have to be repositioned at the plant site.

IPA

Financing — After an aggressive refunding program, the average borrowing cost for the Project was reduced to 8.57 percent. This was a remarkable effort that came about because of constant attention to the market and a creative approach in issuing securities.

Other

Sale of Construction Worker Housing — Other business this year included the sale of some of the construction worker housing units at the IPP site and all of the 240 White Sage apartments in Delta, Utah. The buildings at both locations were removed. The water tower and sign are the last reminders of the White Sage Apartments, which was home for hundreds of families. South of the White Sage area, adjacent to the ball field, the county fairground complex neared completion. The land for the fairgrounds was made available to the county by IPA, and water for the facilities was donated as well. The last vestiges of the construction phase of IPP were disappearing and the Project was becoming



an accustomed part of the landscape.

Sodium Cyanide Spill on I-15 Closed the Freeway — On Thursday morning, July 28, a sodium cyanide spill on I-15 closed the freeway between Kanosh and Scipio. Eighty 245-pound drums rolled off a flatbed truck scattering enough cyanide to kill the residents of Utah several times over. The Millard County Sheriff requested the use of IPSC's clean-up equipment because the equipment at the scene was inefficient. Two volunteers were sent with the guzzler truck and four others went to help as needed. They wore rubber suits in 100 degree weather for almost three days. Before they were done, another call for help was received. In the final stages of the neutralizing process, they ran out of sodium hypochlorite. The supplier, Great Western Chemical, had run out. IPSC sent 40 barrels to complete the job. Millard County Sheriff Ed Phillips, speaking to IPSC, said; "Words cannot express my gratitude to you and your employees for the support we received during this entire effort. It is very gratifying to know these resources are available with little or no questions in a time of need. Please pass this word of thanks to all those involved."

Millard County presented an award of appreciation to IPSC for help and expertise in the clean up of the cyanide spill.